

# CSUSB FOUNDATION

*Building a Culture of Philanthropy*

## CSUSB Philanthropic Foundation

### Investment & Finance Committee Meeting

Friday, February 13, 2026

9:00 – 11:00 am

<https://csusb.zoom.us/j/85196167391>

### MINUTES

**Members Present:** Gary McBride (Chair), Ellen Weisser, Diego Rendon, Thomas Pierce, Monica Alejandre, Tyler Waner, Ray Watts, Sam Sudhakar, Kevin Morningstar, Ed Teyber, Bill Stevenson

**Members Absent:** Debbie Brown, Juan Sibrian

**Guests Present:** Andy Price, Karin Longhurst, Maria Badulis, Monica Villarruel

#### I. Welcome

Gary McBride welcomed the group.

#### II. Call to Order and Approval of Minutes

Meeting called to order at 9:03am. ***Motion:*** Approval of November 7, 2025, Investment & Finance Committee minutes. (Unanimous)

#### III. 4th Quarter Portfolio Performance and Discussion

Karin Longhurst reported that the portfolio value was \$67.9 million as of December 31, 2025, with \$62.8 million invested and \$4.9 million in investment earnings since inception. The portfolio has achieved a return of 8.31% net expenses since inception, compared to a benchmark return of 6.81%, continuing to outperform its benchmark.

Asset allocation as of December 31, 2025 consisted of 62.5% equities, 24.4% fixed income and preferreds, and 13.1% alternatives. Management noted that efforts are ongoing to increase the alternatives allocation toward the 20% target while maintaining appropriate liquidity.

Andrew Price presented Morgan Stanley's fourth quarter capital markets outlook, describing a divergence in perspectives between equity strategists and the firm's Global Investment Committee. He noted projected S&P 500 year-end targets of 7,500 to 7,800, representing a potential 10–12% return, alongside elevated valuations of approximately 22 times earnings and expected earnings growth of 15%. Price highlighted that the top ten companies now represent approximately 40% of the S&P 500, an historic concentration level. He also discussed geopolitical risks, tariff uncertainty, and the impact of a weakening U.S. dollar, which has supported emerging markets and commodities. The MSCI Emerging

Markets Index increased 33%, driven largely by China's rebound and dollar depreciation.

The committee discussed market inflows and outflows, volatility patterns, consumer sentiment, tariff impacts, labor shortages, and drivers of emerging market performance. Price explained that large-cap growth exposure is primarily passive, while value equities are actively managed, and emphasized that risk management remains central to the OCIO approach. He also noted that the transition to Morgan Stanley, completed on August 15, was executed efficiently with same-day trade settlement.

Price reviewed current and pending investments, including the KKR Infrastructure Fund, Blue Owl Credit Fund, Ironwood, and the Walleye Fund. He also presented a proposed \$700,000 investment in the Elliott Fund, which has a long-term track record of approximately 10.7% returns with lower volatility. In response to committee questions, Price provided clarification on alternative investment strategies such as equity market neutral, relative value, non-directional, and multi-strategy approaches, noting their role in reducing correlation to traditional asset classes. McBride inquired about deployment timing, and Price explained that evergreen fund structures allow for gradual allocation with quarterly liquidity, balancing return and access.

At 10:34 a.m., the Morgan Stanley representatives were excused.

#### **IV. Short Term Investments – Cash Flow Threshold**

Monica Alejandre reviewed the history of short-term investment decisions from 2012 to the present, including prior use of the SWIFT account through August 2025. She noted that recent testing confirmed Morgan Stanley's liquidity pool provides access within two to three days, eliminating the need for the SWIFT account.

Maria Badulis presented an analysis of current balances, including approximately \$5.3 million in grant funds, \$8.8 million in current use accounts, and \$900,000 in scholarship funds, with total short-term balances typically ranging between \$18 million and \$20 million. She also noted seasonal fluctuations, with disbursements exceeding \$500,000 in the final quarter of the fiscal year.

Badulis outlined proposed cash management procedures, including a \$500,000 operating cash balance target, flexibility to exceed that target during peak periods, a defined approval process for transfers between operating cash and short-term investments requiring authorization from Watts and Sudhakar, and quarterly oversight by the Investment Committee. The committee approved the proposed procedures.

McBride noted the benefit of earning approximately 300 basis points more by minimizing excess idle liquidity. The committee discussed reserve strategies for emergencies, income generation to support scholarship distributions, and the distinction between administrative cash management responsibilities and the committee's investment oversight role. Ray Watts expressed interest in gradually deploying additional short-term funds into longer-term investments to improve returns. Further discussion was deferred due to time

constraints.

**V. December 31 Financial Statements**

Maria Badulis reported that cash and cash equivalents were approximately \$1.3 million, with short-term investments totaling \$20 million and promises to give of approximately \$6 million, including the Randall Lewis pledge. Long-term investments increased by \$8.4 million. Contributions totaled \$5.8 million, slightly above the prior year, and investment income and gains increased by \$1 million. Scholarship expenses were lower due to timing differences, and audit-related cash variances were attributed to voucher timing.

**VI. Executive Director Report**

Ray Watts reported that total assets have reached \$95.7 million, approaching the \$100 million milestone, driven by both investment performance and philanthropic contributions. He emphasized continued focus on intergenerational philanthropy and noted the implementation of additional financial controls between the Treasurer and Executive Director. Watts also announced upcoming events, including the Performing Arts Center ribbon cutting on March 4 at 2:00 p.m. followed by a Board meeting at 4:00 p.m., and the Annual Gala on April 18 honoring President Morales.

**VII. Open Discussion**

There was no open discussion.

**VIII. Adjourn**

The meeting was adjourned at 11:07 a.m.

**Approval of Minutes**  
**Investment & Finance Committee Meeting**  
Friday, February 13, 2026

Signature: Monica Alejandre

Date: 5/8/2026

Print Name: Monica Alejandre Board Position: Secretary